

FOR IMMEDIATE RELEASE.NET ASSETS OF NEW "SPEC" FUND OVER \$3 MILLION AFTER ONLY 4 MONTHS OF OPERATION

The first annual report of this fund covers only four months of operation since units of "Spec" were initially offered on June 5th. Yet, at the end of such a short term, the assets of this "special situation" fund total \$3,159,863. The net asset value per unit has increased from \$10.00 to \$12.45, an appreciation of 24.5%. In his message, the President of Collective Investments Inc. stated that public response has exceeded his hopes and the performance of the fund has probably more than met the most optimistic expectations.

INVESTMENT POLICY

It is the objective of the administrators of "Spec" to seek out special situations and other trading vehicles which offer the prospect of capital gain over a reasonable period of time. The nature of this fund requires the portfolio manager to look abroad, although it has been possible to find several interesting investments in Canada. With maximum capital gain as goal, they have also avoided becoming defensive by having too wide diversification. A limited number of securities denotes this aggressive attitude.

SPECIAL SITUATIONS

Amongst the securities considered as special situations, we find a number of Canadian companies. Central Del Rio Oils Ltd, actively engaged in oil and gas exploration in Western Canada, particularly in the Rainbow Lake area; Consolidated Quebec Smelting & Refining Ltd, formerly a mining exploration company, this firm is now establishing itself as an industrial enterprise engaged in the production of iron oxide and iron powder; Denison Mines Limited owns the largest reserves of uranium in the world and has just concluded the largest private commercial sale of uranium in the history; Glen Lake Silver Mines Ltd. specializes in the exploration and also in the production of silver; Steadman Industries Ltd, manufacturer of a new metallic

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container that fits on trucks and trailers and a hydraulic system that can transfer the shipping containers from a truck to a ship and a flatcar and vice-versa; Subeo Limited, manager of an uranium exploration syndicate and also specialized in oil and gas exploration in Ontario; Velcro Industries Ltd, a well-known company which manufactures Velcro, an adhesive used from haircurlers to Gemini space capsules.

"AVANT-GARDE FUND"

From inception date of this fund, three mutual fund companies have launched similar types of funds. Investors' needs are changing faster than ever. New investment criteriums must take it into account. "Spec" is so far the "nec plus ultra" in the mutual fund industry. Risk might be higher than in other funds but prospects of gain are much better.

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"SPFC" PORTFOLIO AS OF SEPTEMBER 30TH 1967

<u>Securities</u>	<u>Number of shares</u>	<u>Market Value</u>	<u>Percentage Distribution</u>
American Machine & Foundries Company	4,000	\$ 97,174	2.9
Atlantic Research Corporation	6,000	289,913	8.7
Central Del Rio Oils Ltd.	5,000	102,500	3.1
Consolidated Quebec Smelting & Refining Ltd.	25,000	69,250	2.1
Denison Mines Ltd.	3,000	252,000	7.6
Glen Lake Silver Mines Ltd.	67,400	158,390	4.8
Gulf & Western Industries Inc.	8,000	469,229	14.2
Harvey Aluminum (Incorporated)	6,000	346,284	10.4
Occidental Petroleum Corporation	2,000	186,296	5.6
Olin Mathieson Chemical Corporation	1,500	124,018	3.7
The Rank Organisation Ltd. "A"	20,000	135,000	4.1
Sperry Rand Corp.	8,000	406,951	12.3
Steadman Industries Ltd.	7,000	175,000	5.3
Subeo Limited	30,000	43,500	1.3
Velcro Industries Ltd.	4,500	321,750	9.7
Cons. Que. Smelting & Ref. Ltd. - 7%, 1/2/72 conv. \$50,000		138,500	4.2

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COLLECTIVE INVESTMENTS INC.
Head Office: 333 Craig St. East, Montreal, Que.



**“spec” fund
1967 annual report**

"spec" fund, portfolio of investments

as at September 30, 1967

Security	Number	Market Value	Percentage Distribution
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*Atlantic Research Corporation	6,000	289,913	8.7
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*United States stocks. Valued at market value in Canadian funds at the exchange rate prevailing September 30, 1967.

description of securities

American Machine & Foundries Company

A leading manufacturer of automatic pinspotters for bowling alleys, the company also manufactures packing machines used in the tobacco and pastry industries, automated kitchen systems, sewing machines, space environment equipment, sporting goods, water purification and softening apparatus, oil and gas distribution equipment and a large range of warfare equipment.

Atlantic Research Corporation

Besides an almost exclusive plastic tube fitting product used in the building industry, this company is active in aerospace technology and related research: missiles and missile systems, rocket and propulsion systems, electronic communication systems and military and ordnance equipment.

Central Del Rio Oils Ltd.

A Canadian company actively engaged in oil and gas exploration in Western Canada, particularly in the Rainbow Lake area of Alberta.

Consolidated Quebec Smelting & Refining Ltd.

Formerly a mining exploration company, this firm is now establishing itself as an industrial enterprise engaged in the manufacture of iron oxide and iron powder used to make permanent magnets and pressed metal parts by a patented process.

Denison Mines Limited

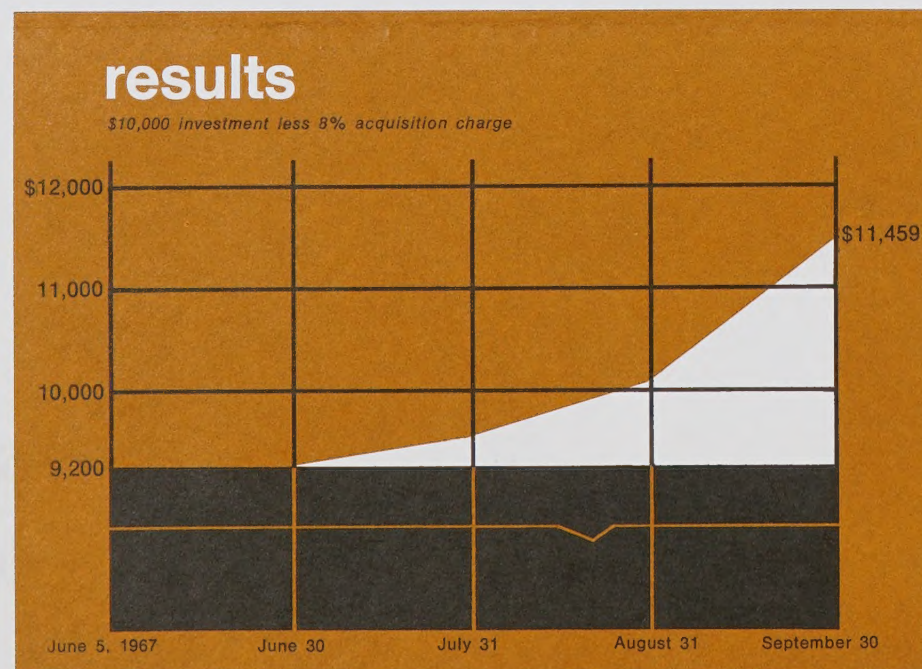
This company has the largest, low-cost reserves of uranium in the Free World and has just concluded the largest private commercial sale of uranium in the history of the relatively young nuclear industry.

Glen Lake Silver Mines Ltd.

A Canadian company active in the exploration and production of silver.

Gulf & Western Industries Inc.

Initially a major national distributor of automotive replacement parts, this company has become, by way of acquisitions, one of the 150 largest corporations in the United States. It is now involved in several manufacturing businesses, minerals and chemicals, and motion pictures. Some of its subsidiaries produce prototype parts for aircraft engines and chrome-plating plastic parts for appliances, and develop survival systems for military and space applications.



financial statements of "spec" fund

Harvey Aluminum (Incorporated)

Formerly a small, non-integrated aluminum company, Harvey is now in the midst of a major expansion and integration program which will give it its own bauxite deposits, refining plants and semifabricating facilities.

Occidental Petroleum Corporation

An American oil and gas producer widely diversified with extensive interests in fertilizers, agricultural chemicals and sulphur.

Olin Mathieson Chemical Corporation

An other diversified company, Olin is active in five major areas: organic, industrial and agricultural chemicals; aluminum, copper and brass metal products; pharmaceuticals through its drug subsidiary E. R. Squibb & Sons Inc.; pulp, paper, lumber and cellophane film; and a division which produces Winchester rifles as well as military and commercial solid propellants.

The Rank Organisation Ltd. "A"

A British company engaged in a wide range of activities that include films, recreation and leisure centers such as hotels and motels, bowling alleys, etc. A subsidiary has distribution rights for Xerox photocopiers in Europe.

Sperry Rand Corp.

Well known for its electric computer Univac and for its Remington electric shavers, this company manufactures several kinds of office equipment, precision instruments for commercial and military uses, farm machinery and hydraulic systems.

Steadman Industries Ltd.

A Canadian company that manufactures metallic containers that fit on trucks and trailers, and a hydraulic system that can transfer these shipping containers from a truck to a ship or a flatcar, and vice-versa.

Subeo Limited

A Canadian company engaged in specialized oil and gas exploration in Ontario; it also manages an uranium exploration syndicate.

Velcro Industries Ltd.

A Canadian company which manufactures Velcro, an adhesive used from haircurlers to Gemini space capsules.

Balance Sheet as at September 30, 1967

Assets

Interest and dividends receivable	\$ 6,294	
Due by brokers	252,108	
Investments at market value:		
Bonds (cost: \$ 148,200)	\$ 138,500	
Shares (cost: \$2,918,271)	3,177,255	
		<u>\$3,574,157</u>

Liabilities

Due to Collective Fund "C"	\$ 63,979	
Due to brokers.	350,315	414,294
Net assets at market value		<u>\$3,159,863</u>

(representing \$12.4559 per unit for 253,684.904 outstanding units)

Assets of unitholders

253,684.904 outstanding participating units	\$2,648,151	
Net profit realized on sale of investments	253,589	
Unrealized appreciation of investments	249,284	
Undistributed income	8,839	
		<u>\$3,159,863</u>

Income Statement

for the period from April 25 to September 30, 1967

Income:	
Interest and dividends	\$10,719
Expenses:	
Management fees	6,344
Net income for the Period	<u>\$ 4,375</u>

Statement of Undistributed Income as at September 30, 1967

Net income for the period from April 25 to September 30, 1967	\$4,375
Accrued income on participating units sold less accrued income on participating units redeemed	4,464
Balance as at September 30, 1967	<u>\$8,839</u>

Auditors' report to the participants

We have examined the balance sheet of "Spec" fund as at September 30, 1967 and the statements of income and of undistributed income for the period from April 25 to September 30, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of income and of undistributed income are drawn up so as to exhibit a true and correct view of the state of the fund's affairs as at September 30, 1967 and the results of its operations for the period from April 25 to September 30, 1967 in accordance with generally accepted accounting principles.

Courtois, Fredette, Charette & Cie
Chartered Accountants.

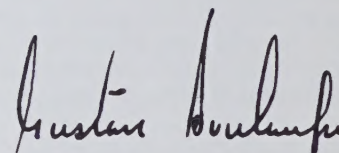
Montreal, October 26, 1967.

the president's message

This first annual report of your Fund covers only four months of operation, since units of Spec were initially offered to the public on June 5, 1967 only. Yet, at the end of such a short time, the assets of your Fund totalled \$3,159,863. The net asset value per unit has increased from \$10.00 to \$12.45, an appreciation of 24.5%. Public response has exceeded our hopes and the performance of your Fund has probably more than met the most optimistic expectations.

In line with the investment policy outlined in the prospectus, your manager seeks out special situations and other trading vehicles which offer the prospect of capital gains over a reasonable period of time. The nature of this Fund requires us constantly to look abroad, although it has been possible to find several interesting investments in Canada. With maximum capital gains always in mind, we have also avoided becoming defensive by having too wide diversification. A limited number of securities denotes an aggressive attitude, increasing the possibilities of gain. It all lies in the choice of securities.

We shall continue in the future to pursue this policy which has served us so well in the past. There always are interesting situations. The management team at Collective Investments Inc. does all it can to find them for the benefit of all unitholders of Spec.



October 9, 1967

President and General Manager

FEF

board of directors

chairman of the board

René Paré

president and general manager

Gustave Boulanger

first vice-president

Paul-H. Plamondon

second vice-president

Roland Chagnon

directors

François-Albert Angers

Jacques Arsenault

David Belhumeur

Georges Côté

Jacques de la Chevrotière

Paul-Emile Fortin

Rosaire Gendron

Marc Leclerc

Louis-Philippe Poulin

Maurice Tanguay

offices

Ottawa

Montréal

Québec

Trois-Rivières

Rimouski

St. Hyacinthe

St. Jérôme

Chicoutimi

Sherbrooke